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Supreme Court, U.S.
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No.

IN THE SUPREME COURT OF THE UNITED STATES

OCTOBER TERM, 1993

SEYMOUR C. YUTER, *Petitioner,*

v.

TANDEM COMPUTERS INCORPORATED, GLENFED FINANCIAL CORPORATION, NATIONAL COMPUTER COMMUNICATIONS CORPORATION AND APEX TECHNOLOGY, INC.,

Respondents.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT AND APPENDIX

Seymour C. Yuter
Counsel of Record
for Petitioner
407 Cedar Drive West
Briarcliff Manor, NY 10510
Tel: 914-762-0111
Fax: 914-762-3348

QUESTIONS PRESENTED FOR REVIEW

Is a person's right to Due Process violated by subjecting that person to personal jurisdiction in a foreign forum simply for sending a notice of patent infringement under the patent law?

Is a person's right to Due Process violated by subjecting a patentee to personal jurisdiction in a foreign forum simply for sending a letter to a noncompetitor in that forum saying "I am willing to sell to [the noncompetitor] an attractively-priced fully paid-up nonexclusive license" under a patent, followed by two failed settlement conferences in the forum, when the patentee's other contacts with the forum are nonrelated?

Whether patentees should sue infringers first and then talk settlement in order to avoid suit in a foreign court, further burdening our over-burdened federal courts?

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PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

1. THE OPINIONS BELOW

The per curiam Judgment without opinion of the court below, the Court of Appeals for the Federal Circuit, now sought to be reversed, was filed and entered July 6, 1993. The Judgment is reported at 1993 U.S. App. LEXIS 17256. It is a public record but not citable as precedent.

A copy is appended hereto at page A1.[1]

The Order of the District Court for the Northern District of California, also sought to be reversed, was filed December 22, 1989, with the Judgment filed June 24, 1992. The Order is reported at 1989 U.S. Dist. LEXIS 18384. A copy is appended hereto at page A3.

2. STATEMENT OF JURISDICTIONAL GROUNDS

a. The judgment below sought to be reviewed was filed and entered July 6, 1993.

b. The statutory basis for jurisdiction of this Court is 28 U.S.C. § 1254.

3. THE CONSTITUTIONAL PROVISION INVOLVED

United States Constitution, Fourteenth Amendment states in pertinent part: "nor shall any State deprive any person of life, liberty, or property, without due process of law; . . . ."

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1 While the Federal Circuit Court affirmed the California court decision without opinion, as a patent lawyer for over 40 years, petitioner can assure the Court that patent lawyers are very conservative and will conclude from an unreversed affirmed California court decision that sending a notice of patent infringement, pursuant to patent statute 35 U.S.C. § 287(a), seriously risks a preemptive declaratory judgment action in the foreign forum.

4. CONCISE STATEMENT OF THE CASE

a. Rule 10 Considerations Governing Review on Writ of Certiorari

The reasons for granting this petition are (1) a United States court of appeals has rendered a decision in conflict with a decision in another United States court of appeals on the same matter, **Rule 10.1.(a)** (see pages 17-18), and (2) a United States Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this Court, **Rule 10.1.(c)** (see pages 7-8).

b. Basis for Federal Jurisdiction

a. The statutory basis for jurisdiction of the trial court is 28 U.S.C. § 2201 and § 2202, 35 U.S.C. § 1 *et seq.* and 28 U.S.C. §§ 1331, 1332(a)(1) and 1338.

b. The statutory basis for jurisdiction of the court of appeals is 28 U.S.C. § 1295(a)(1).

c. Nature of the Case

This is a declaratory judgment action by plaintiff Tandem Computers Incorporated (Tandem) of patent invalidity and noninfringement of two patents owned by defendant Seymour C. Yuter (Yuter), Nos. 4,621,263 ('263 patent) and 4,829,421 ('421 patent), with counterclaims by Yuter against Tandem and defendant Apex Technology (Apex) for willful infringement of each patent. Tandem also seeks indemnification against defendant Apex Technology. Tandem also seeks a declaration of '263 patent ownership and a declaration of '263 patent license against Yuter. Tandem also seeks a

declaration of patent misuse, and charges unfair competition and breach of confidentiality agreement against Yuter.

d. Course of Proceedings

On September 29, 1989, Tandem filed a summons and complaint for declaratory judgment in the U.S. District Court for the Northern District of California seeking a declaration that the '263 patent was invalid, not infringed and unenforceable by virtue of misuse, and for indemnity against Apex.

On October 3, 1989, Yuter filed a summons and complaint in the U.S. District Court for the Southern District of New York, 89 Civ. 6536 (CLB), charging Tandem and four of its customers with willful infringment of the '263 and '421 patents and seeking an injunction, and then unsuccessfully sought a stay of the California action. On January 3, 1990, the action was transferred to and continues on the suspense calendar pending the outcome of this case. A related action in that court is also on the suspense calendar, 90 Civ. 6555 (GLG), pending the outcome of this case.

On October 16, 1989, Tandem filed an amended declaratory judgment complaint also seeking a declaration that the '421 patent was invalid and not infringed, and charging Yuter with unfair competition and breach of confidentiality agreement.

On October 30, 1989, in a special appearance solely to contest personal jurisdiction (thereafter maintained for the duration of this case), Yuter filed a motion for an order quashing the summons on the grounds that the

court lacks personal jurisdiction over Yuter.

In an order filed December 22, 1989, the California court denied Yuter's motion to quash summons.

On January 16, 1990, Yuter filed a motion in the California court under 28 U.S.C. § 1292(b) to certify the jurisdiction issue for interlocutory appeal.

On January 16, 1990, Yuter filed his special appearance answer to Tandem's amended complaint with compulsory counterclaims charging Tandem and Apex with willful infringement of the '263 and '421 patents, and with a jury demand.

In an order filed March 6, 1990, the California court denied Yuter's motion for interlocutory appeal.

e. Dispositions in Courts Below

In a judgment filed June 24, 1992 and entered June 30, 1992, the California court terminated the case re Tandem's motion for summary judgment regarding ownership of the '263 patent and under Fed.R.Civ.P. 50 regarding invalidity of the '421 patent, both in Tandem's favor.

The California court's judgment was affirmed in a per curiam judgment without opinion of the Court of Appeals for the Federal Circuit, filed July 6, 1993.

f. Statement of Facts Relevant to Question Presented

(1) Yuter is a sole patent law practitioner with no secretarial help who works out of his home and with no one to cover for him when he is away. His multiple sclerosis stricken wife daily needs his care as primary care giver including preparation of meals. Tandem is a Fortune 500 company. How Yuter acquired the two

patents in suit is not relevant.

(2) On February 10, 1987, Yuter sent a letter to Tandem concerning the '263 patent which stated:

> The subject patent appears to cover a total Tandem Computer system including your Non-Stop systems, 55FX/55FR Remote Printer Interface Systems and remote line printers. For example, consider the Merrill Lynch systems with respect to claims 6 and 7.
>
> I am the owner of the patent by assignment. I am willing to sell to Tandem Computers an attractively-priced fully paid-up nonexclusive license.
>
> A copy of the patent is enclosed. I look forward to a prompt response.[2]

(3) Yuter sent a similar letter to Hewlett-Packard on March 3, 1987 saying "[The] subject patent appears to cover a total Hewlett-Packard system," to which there was no response or further communication.

(4) Yuter is not a competitor of Tandem (or Hewlett-Packard) in California or elsewhere, sells no patented products in California or elsewhere and never demanded that Tandem (or Hewlett-Packard) cease infringement. Yuter simply sought in his license contract offer letter and subsequent settlement negotiations with Tandem, including two meetings in California, to license Tandem, and not put it out of the business of making the patented system.

(5) When Yuter sent the February 10, 1987 license

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2 If this innocuous letter exposes a patentee to a declaratory judgment action in a foreign jurisdiction, no letter is safe.

contract offer letter to Tandem he had no reason to believe that he would be haled into the California court for sending a license offer to noncompetitor Tandem with no demand that it cease infringement because the great weight of authority is to the contrary, including First and Ninth Circuit cases.

(6) Yuter never purposely directed any acts against Tandem with the intent of having an effect on Tandem other than that it should pay for using Yuter's patent.

(7) Corresponding cases with the same principal parties and issues are on the suspense calendar in the U.S. District Court for the Southern District of New York pending the outcome of this case.

(8) Yuter's nonrelated contacts with California are a breach of contract and fraud action in the Los Angeles federal court from 1984 to 1988 involving 11 trips to California which ended in a default judgment is his favor, and as an *amicus curiae* in July 1979 in the same court involving one trip.

5. DIRECT AND CONCISE ARGUMENT

a. If a Patent License Contract Offer and Failed Settlement Negotiations Are Sufficient For Personal Jurisdiction, Then the Chilling Message to Patentees Is to Sue First Then Talk Settlement, Further Burdening Our Over-Burdened Federal Courts

This Court has never ruled on the application of the Due Process Clause of the Fourteenth Amendment to

personal jurisdiction based on the sending of a notice of patent infringement by a patentee to an alleged infringer pursuant to patent statute 35 U.S.C. § 287(a),[3] and in particular to a rejected offer of a license contract followed by failed settlement negotiations.

This is an important question of federal law which has not been, but should be, settled by this Court, **Rule 10.1.(c)**, to avoid burdening the courts with unnecessary and usually very complex patent litigation, sometimes, as here, exacerbated by additional litigation in the patentee's forum trying to wriggle off the foreign jurisdictional hook.

The affirmed California court held that simply sending a notice of infringement letter was sufficient for personal jurisdiction in the absence of a compelling case that personal jurisdiction was unreasonable. (Appendix, A10)

In *Burger King v. Rudzewicz*, 471 U.S. 462 (1985), this Court held that a breached trademark license contract made with a Florida corporation by a Michigan resident in connection with a Burger King franchise justified specific jurisdiction in Florida over the nonresident

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3 35 U.S.C. § 287(a) provides in pertinent part: " Patentees, and persons making or selling any patented article for or under them, may give notice to the public that the same is patented, either by fixing thereon the word 'patent' or the abbreviation 'pat.', together with the number of the patent . . . . In the event of failure so to mark, no damages shall be recovered by the patentee in any action for infringement, except on proof that the infringer was notified of the infringement and continued to infringe thereafter, in which event damages may be recovered only for infringement occurring after such notice."

franchisee because the defendant purposefully directed his actions toward the Florida corporation and jurisdiction would not otherwise offend "fair play and substantial justice." *Id.* at 471-478.

But that an individual's contract with an out-of-state party cannot *alone* automatically establish minimum contacts in the other party's home forum. *Id.* at 478-479.

In the instant case all Yuter did was to offer infringing Tandem a license contract under his patent. Tandem rejected the offer and sued Yuter for a declaratory judgment of patent invalidity and noninfringement. So no contract was entered into. If a contract alone is insufficient for personal jurisdiction of the California court over Yuter, then the failure to reach a contract must also be. The two settlement conferences in California should not make a difference because settlement negotiations are encouraged.

Otherwise, if such minor contacts are sufficient for personal jurisdiction, the chilling message to patentees is to sue the infringer first then talk settlement in order to avoid suit in a foreign court. That unnecessarily burdens our already over-burdened federal courts.[4]

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4 Congress has directed the courts to develop and implement plans to reduce the expense and delay of civil litigation in the Civil Justice Reform Act of 1990, 28 U.S.C. §§ 471-482 (Supp. 1992). So preemptive declaratory judgment patent actions should be discouraged by reversing the lower courts.

b. **An Assertion of a Patent Followed by Failed License Settlement Negotiations Are Insufficient to Support Personal Jurisdiction Because of the Public Policy to Encourage Settlement and Discourage Litigation**

The addition of two settlement conferences in California to Yuter's license contract offer letter are not such additional contacts on which to base personal jurisdiction. *See Tol-O-Matic Inc. v. Aroma Produkt-Und Marketing Gesellschaft mbH*, 6 USPQ2d 1464, 1465 (D.Minn. 1987) (two infringement letters and one settlement conference in forum insufficient); *Rebound Systems Inc. v. Matchpoint Industries*, 192 USPQ 345 (S.D.N.Y. 1976) (infringment charge plus two meetings in forum insufficient): *Wesley-Jessen, Inc. v. Volk*, 200 USPQ 795 (N.D.Ill. 1976) (infringement letter plus one meeting insufficient); *Conwed Corp. v. Nortens, S.A.*, 404 F.Supp. 497, 506, n.8, 190 USPQ 246 (D.Minn. 1975) (letters charging infringement and subsequent settlement conference insufficient; "settlement conferences are protected and encouraged. Since such conferences cannot take place unless some kind of demand has been made by the potential plaintiff, the initial demand must also be protected and even encouraged.").

In *Columbia Pictures Industries, Inc. v. Schneider*, 435 F.Supp. 742, 747 (S.D.N.Y. 1977), *aff'd mem.*, 573 F.2d 1288 (2d Cir. 1978), the court stated:

> As Federal court calendars become increasingly burdened, attorneys should exercise a correspondingly increased responsibility to attempt to resolve disputes

> without using limited judicial resources to decide issues which might, by responsible discussion between reasonable people, be settled out of court. (Case omitted.) Potential plaintiffs should be encouraged to attempt settlement discussions (in good faith and with dispatch) prior to filing lawsuits without fear that the defendant will be permitted to take advantage of the opportunity to institute litigation in a district of its own choosing before plaintiff files an already drafted complaint.

This Court should negate the lower courts' chilling message to sue the infringer locally first then talk license, by finding a lack of personal jurisdiction under the facts in this case.

c. New York Patentee Yuter's Offer to License *Noncompetitor* California's Tandem Under a Patent Is Insufficient to Support Personal Jurisdiction Because Yuter Had No Reason to Believe He Would Be Haled Into the California Court Because the Great Weight of Authority Is to the Contrary, Including Courts of Appeals Decisions Which Conflict With the Decision Below

It is respectfully submitted that simply sending a letter offering a license contract to *noncompetitor* Tandem seeking payment for use of his patent and thus with no demand that Tandem cease infringement, clearly fails to comply with the Constitutional due process requirement of minimum contacts for specific personal jurisdiction.

Yuter had no reason to anticipate being haled into the California court because the great weight of authority, including decisions by the Courts of Appeals for the First and Ninth Circuits before the 1985 *Burger King* case and almost all courts thereafter, is that an infringement accusation letter by itself is insufficient to support personal jurisdiction, especially a letter sent to a noncompetitor.[5]

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5 For cases after Burger King in 1985 *see General Instrument Corp. v. Cable/Home Communication Corp.*, 1992 U.S. Dist. LEXIS 8139 (S.D.N.Y. 1992) (letter asserting legal rights in patents is insufficient to establish jurisdiction, citing *Rebound Systems Inc. v. Matchpoint Industries*, 192 USPQ 345 (S.D.N.Y. 1976) (infringement letters plus sale of unpatented devices to two companies in the forum, including plaintiff, plus meetings insufficient)); *Consumer Direct Inc. v. McLaughlin*, 20 USPQ2d 1949, 1951 (N.D.Ohio 1991) (infringement letter expressing willingness to negotiate for a license is insufficient); *Gesco International Inc. v. Luther Medical Products Inc.*, 17 USPQ2d 1168 (W.D.Tex. 1990) (infringement letter to competitor plus some sale of patented product in forum is insufficient); *E.J. McGowan & Associates Inc. v. Biotechnologies Inc.*, 736 F.Supp. 808, 812 & n.7, 15 USPQ2d 1145, 1148 & n.7 (N.D.Ill. 1990) ("Infringement letters may be the 'transaction of business' in the state, but additional contacts are needed to satisfy due process analysis . . . [T]o allow jurisdiction based solely on the mailing of infringement letters would result in 'blitzkrieg' litigation, where suits would be filed without prior warning or attempt to settle disputes in order to avoid a foreign jurisdiction."); *International Communications Inc. v. Rates Technology Inc.* 6 USPQ2d 1794, 1798 (E.D.Wis. 1988) ("Defendants' exercise of their rights under the patent laws should not subject them to suit."); *Tol-O-Matic Inc. v. Aroma Produkt-Und Marketing Gesellschaft mbH*, 6 USPQ2d 1464, 1465 (D.Minn. 1987) (notice plus a settlement conference with plaintiff in forum; recent cases note that "the sending of letters threatening patent litigation constituted the transaction of business only if the recipient of the letter was a competitor. In such circumstances the letters are viewed as an attempt to improve the

Nevertheless, the affirmed California court found

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sender's economic and marketing position."); *Boatel Industries Inc. v. Woliard*, 2 USPQ2d 1946, 1948 ((D.Minn. 1987) (no jurisdiction where noncompetitor sent infringement letters and made telephone calls; "Correspondence claiming patent infringement by itself is insufficient to establish personal jurisdiction."); *Classic Golf Co. V. Karsten Manufacturing Co.*, 231 USPQ 884, 886 (N.D.Ill. 1986) ("This court follows the majority rule (citing cases) and holds the phone call and mailing of the letters claiming infringement are below the threshold established by the due process clause").

For cases before *Burger King* in 1985 *see Kransco Mfg. Inc. v. Markwitz*, 656 F.2d 1376 (9th Cir. 1981) (patent owner mailed several infringement letters to a competitor charging it with infringement of his patent and attended a California trade show for a few days, held to be insufficient to support jurisdiction); *Cascade Corp. v. Hiab-Foco AB*, 619 F.2d 36 (9th Cir. 1980)(notices of infringement to a competitor plus sales into the forum through distributors, plus visits into the forum to explore distributorship agreements and to evaluate the use of the devices in the forum, insufficient); *Nova Biomedical Corp. v. Moller*, 629 F.2d 190, 193 n.3 & 196-97, 207 USPQ 713, 715-16 n.3 and 718-19 (1st Cir. 1980) (sending infringement letter satisfies state long-arm statute but additional contacts would be required to satisfy due process); *Chem Lab Prod. Inc. v. Stepanek*, 554 F.2d 371, 195 USPQ 229 (9th Cir. 1977) (single infringement letter to competitor is insufficient); *Starline Optical Corp. v. Caldwell*, 589 F.Supp. 1023, 1027, 225 USPQ 577, 579 (D.N.J. 1984) ("[W]ere the dispatch of notice-of-infringement letters to operate as a waiver of objection to *in personam* jurisdiction, the result would be a chilling effect on assertion of legal rights by holders of copyrights, patents, and trademarks."); *Medeco Security Locks, Inc. v. Fichet-Bauche*, 568 F. Supp. 405 (D.Va. 1983) (insufficient contacts where patentee sent letter, advertised in national trade magazines and had one product sold in the state by a distributor); *Harley-Davidson Motor Co., Inc. v. Stada*, 207 USPQ 937 (E.D.Wis. 1978) (letter plus some sales of products through an independent distributor not enough contacts); *Rheodyne, Inc. v. Ramin*, 201 USPQ 667 (N.D. Calif. 1978) (three infringement letters insufficient alone to confer jurisdiction); *Blumhardt Mfg., Inc. v. Nu-Flex Irrigation, Inc.*, 201 USPQ 681 (D.N.D.

personal jurisdiction under the heading "*The Standard*

1977) (single infringement letter to noncompetitor is insufficient; *National Standard Co. v. Garbalizer Corp.*, 200 USPQ 591 (N.D.Ohio 1977) (solicitation of business and investments and letters alleging infringement are insufficient); *Wesley-Jessen, Inc. v. Volk*, 200 USPQ 795 (N.D.Ill. 1976) (infringement letter to noncompetitor and meeting in forum insufficient contacts); *Conwed Corp. v. Nortens, S.A.*, 404 F.Supp. 497, 190 USPQ 246 (D.Minn. 1975) (letters charging infringement and subsequent settlement meeting insufficient for jurisdiction).

But see B & J Mfg. Co. v. Solar Industries, Inc., 483 F.2d 594, 598 (8th Cir. 1973), *cert. denied*, 415 U.S. 918 (1974) (jurisdiction where the patent owner sent an infringement letter to a competitor designed to reduce the competitor's business and improve the patent owner's business in the forum, advertised the patented product there, maintained "trouble shooters" who were available to visit the state to aid users of the firm's products, and the patentee's assignor sold the patented product in the forum and threatened the competitor with an infringement suit); *Cardiac Pacemakers, Inc. v. Coratomic, Inc.*, 201 USPQ 679, 680 (D.Minn. 1979), *aff'd*, 702 F.2d 671, 672-73 (8th Cir. 1983) (per curiam) (jurisdiction where patent owner sent infringement letter to competitor, patent infringements directly related to patent owner's products sold in forum, and patent owner intended to improve business in forum); *Dolco Packaging Corp. V. Creative Industries, Inc.*, 1 USPQ2d 1586 (C.D.Cal. 1986) (jurisdiction based on a letter from a patentee to a competitor threatening patent infringement and demanding that infringement cease, and who advertised in and sold over $2 million of the product in California); *Marquest Medical Products, Inc. v. EMDE Corporation*, 496 F.Supp. 1242, 1247 (D.Col. 1980) (jurisdiction where patent owner sent infringement letters and threatened to sue competitor, and sold patented product and did business in forum including promotional activities and solicitation of customers).

But also see Chamfer Engineering, Inc. v. Tapco International, Inc., 82 F.R.D. 33, 208 USPQ 888 (D.Minn. 1979) (jurisdiction where letters accused plaintiff and plaintiff's customers of infringing 23 patents); *Chromium Industries, Inc. v. Mirror Polishing & Plating Co.*, 193 USPQ 158 (N.D.Ill. 1976) (jurisdiction where two infringement

For Asserting Specific Personal Jurisdiction " (at A6):

> California law confers jurisdiction coextensive with the United States Constitution; therefore, the existence of specific personal jurisdiction depends solely on the requirements of federal due process. *Haisten v. Grass Valley Medical Reimbursement Fund, Ltd.*, 784 F.2d 1392, 1396 (9th Cir. 1986).
>
> Basic due process for personal jurisdiction requires that a defendant have fair warning that a particular activity may subject him or her to jurisdiction. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 (1985). This requirement is satisfied if the defendant has purposefully directed his activities at residents of the forum state and the litigation arises out

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letters sent to competitor). The *Classic Golf* court, at 231 USPQ 885, criticized these two cases:

> "Both these cases rely on the *B&J Manufacturing* case as their sole support, but both simply misread that case. The *B&J Manufacturing* court . . . in considering whether due process was satisfied, however, included the defendant's advertising and selling its product in the forum state. Thus *B&J Manufacturing* cannot be read as finding that mailing an infringement letter satisfies due process, as several other courts (including a later panel of the 8th Circuit) have recognized. See *Land-O-Nod Co. v. Bassett Furniture Industries*, 708 F.2d 1338, 1342 & n.2, 219 U.S.P.Q. 281, 283-84 & n.2 (8th Cir. 1983) (implied); *Wesley-Jessen*, *supra*, 200 U.S.P.Q. at 796-97. Moreover, the *Chromium* rule is contrary to the goal of achieving substantial justice and fair play."

of or relates to those activities. *Id.* The critical issue is whether "the defendant's conduct and connection with the forum state are such that he could reasonably anticipate being haled into court there." *Id.* at 474, *quoting World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980) . . . .

In response to recent Supreme Court decisions, the Ninth Circuit modified the three-part test and adopted a more flexible approach. *Haisten*, 784 F.2d at 1397. First, purposeful availment may include a defendant "whose only 'contact' with the forum state is the 'purposeful direction' of a *foreign* act having *effect* in the forum state." Second, "jurisdiction may be exercised with a *lesser showing of minimum contacts* than would be required if considerations of reasonableness dictate." *Id.* (emphasis in the original). Third, "there is a *presumption of reasonableness* upon a showing that the defendant purposefully directed his activities at forum residents which the defendant bears the burden of overcoming by presenting a compelling case that jurisdiction would be unreasonable." *Id.* (emphasis in the original).

. . . .

Yuter sent a letter to both Tandem and Hewlett-Packard accusing them of patent infringement and suggesting a license of the relevant technology. As in *Dolco*, this conduct reflects a purposeful direction of an act at California residents which certainly would have an effect in California on their respective

> businesses. Furthermore, Yuter should have reasonably anticipated being haled into court in California after notifying Tandem of his infringement claim. *See Haisten*, 784 F.2d at 1397, *citing World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).
>
> Therefore, the court should find that Yuter has purposely directed activities to Tandem in California which satisfies the first prong of the specific personal jurisdiction test.[6]

There is a lack of due process here which negates personal jurisdiction because Yuter did not have a fair warning that his license contract offer letter to noncompetitor Tandem would subject him to the jurisdiction of the California court because the great weight of authority is to the contrary, *Burger King*, *supra*, including conflicting circuit court cases, **Rule 10.1(a)**.

The Federal Circuit Court below affirmed the California court, which disregarded three *conflicting* Ninth Circuit cases holding that infringement accusation letters were insufficient by themselves to support personal jurisdiction. In *Kransco Mfg. Inc. v. Markwitz*, 656 F.2d 1376 (9th Cir. 1981), the patent owner mailed several infringement letters to a competitor charging it with infringement of his patent and attended a California

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6 It should be noted that *Haisten* is an action against a *foreign insurer*, not a patent case. And, ironically, an Ohio court denied personal jurisdiction over a *California* patentee who, *exactly as here*, sent an infringement letter expressing willingness to negotiate for a license, in *Consumer Direct Inc. v. McLaughlin*, 20 USPQ2d 1949, 1951 (N.D.Ohio 1991).

trade show for a few days, held insufficient to support jurisdiction. In *Cascade Corp. v. Hiab-Foco AB*, 619 F.2d 36 (9th Cir. 1980), notices of infringement to a competitor plus sales into the forum through distributors, plus visits into the forum to explore distributorship agreements and to evaluate the use of the devices in the forum, were also insufficient to support jurisdiction. And in *Chem Lab Prod. Inc. v. Stepanek*, 554 F.2d 371, 195 USPQ 229 (9th Cir. 1977), a single infringement letter to a competitor was insufficient.

The decision below also conflicts with a First Circuit case, *Nova Biomedical Corp. v. Moller*, 629 F.2d 190, 193 n.3 & 196-97, 207 USPQ 713, 715-16 n.3 and 718-19 (1st Cir. 1980), in which sending an infringement letter was held to satisfy the state long-arm statute but additional contacts were required to satisfy due process.

So an infringement letter alone from a patent owner to a *noncompetitor*, as here, is clearly insufficient to support personal jurisdiction.

6. CONCLUSION

This Court should grant this petition and then, upon further proceedings, reverse the lower courts' erroneous finding of personal jurisdiction so that the corresponding cases on the suspense calendar in the Southern District of New York can proceed.

Respectfully submitted,

Dated: October 1, 1993

Seymour C. Yuter

Seymour C. Yuter
Counsel of Record
for Petitioner

No.

IN THE
SUPREME COURT OF THE UNITED STATES
OCTOBER TERM, 1993

SEYMOUR C. YUTER, *Petitioner,*

v.

TANDEM COMPUTERS INCORPORATED, GLENFED FINANCIAL CORPORATION, NATIONAL COMPUTER COMMUNICATIONS CORPORATION AND APEX TECHNOLOGY, INC.,
Respondents.

APPENDIX TO PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

TANDEM COMPUTERS INCORPORATED and GLENFED FINANCIAL CORPORATION and NATIONAL COMPUTER COMMUNICATIONS CORPORATION, Plaintiffs-Appellees, v. SEYMOUR C. YUTER, Defendant-Appellant, and APEX TECHNOLOGY, INC., Defendant-Appellee.

92-1488

UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

1993 U.S. App. LEXIS 17256

July 6, 1993 Decided
July 6, 1993, Filed

NOTICE: RULE 47.8. OPINIONS AND ORDERS DESIGNATED AS UNPUBLISHED SHALL NOT BE EMPLOYED AS PRECEDENT BY THIS COURT, AND MAY NOT BE CITED BY COUNSEL, EXCEPT IN SUPPORT OF A CLAIM OF RES JUDICATA, COLLATERAL ESTOPPEL, OR LAW OF THE CASE. ANY PERSON MAY REQUEST THAT AN UNPUBLISHED OPINION OR ORDER BE REPREPARED AND REISSUED FOR PUBLICATION, CITING REASONS THEREFORE. SUCH REQUEST WILL BE GRANTED OR DENIED BY THE PANEL THAT RENDERED THE DECISION.

PRIOR HISTORY: ON APPEAL from the UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF CALIFORNIA in CASE NO(S). C-89-20646 RFP

JUDGES: NIES, *Chief Judge*, BENNETT, *Senior Circuit Judge*, and NEWMAN, *Circuit Judge*:

OPINIONBY: PER CURIAM

OPINION: JUDGMENT

This CAUSE having been considered, it is ORDERED and ADJUDGED:

Per Curiam (NIES, *Chief Judge*, BENNETT, *Senior Circuit Judge*, and NEWMAN, *Circuit Judge)*

AFFIRMED. See Fed. Cir. R. 36.

DATED Jul -6 1993

TANDEM COMPUTERS INCORPORATED, a Delaware corporation, Plaintiff, v. SEYMOUR C. YUTER, an individual, and APEX TECHNOLOGY, a California corporation, Defendants.

No. C 89-20646 RFP

UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

1989 U.S. Dist. LEXIS 18324

December 20, 1989, Decided
December 22, 1989, Filed

JUDGES: Peckham

OPINIONBY: ROBERT F. PECKHAM

OPINION: ORDER

I. *INTRODUCTION*

Plaintiff Tandem Computers Incorporated ("Tandem") brings this action against Seymour C. Yuter ("Yuter") seeking declaratory judgment that Tandem's resale of a computer peripheral product designed, developed, and manufactured by an independent supplier, Apex Technology ("Apex"), does not infringe two patents

owned by Yuter.[1] Yuter filed a competing patent infringement action in the Southern District of New York, which has been stayed pending this motion. Yuter also filed the present Motion to Quash Service of Summons to determine whether this court has jurisdiction over him.

2. *BACKGROUND*

In 1983, Apex, a California corporation, developed a remote printer interface product for use with a Tandem computer system. The Apex device allows the computer to print data at a remote location.

In 1984, Tandem invited Apex and another company, Digital Associates Corporation ("DAC"), to submit bids for a possible contract to supply the remote printer interface to Tandem. After comparative testing, Tandem awarded Apex an original equipment manufacturing ("OEM") contract in May 1984.

Yuter acquired two pending patent applications from DAC a few weeks prior to the issuance of the first patent ("'263 patent")[2] on February 3, 1987. In a February 10, 1987 letter to Tandem headquarters in California, Yuter accused Tandem of infringing the '263 patent and offered Tandem a license. Yuter sent a similar letter to Hewlett-Packard Corporation, also headquartered in California,

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1 Tandem also brings this action against Apex, because Apex agreed to indemnify Tandem against any patent infringement action.

2 A second patent ("421 patent") was issued on May 9, 1989, and Yuter claims this patent is also infringed by the Apex product.

on March 3, 1987.

During the next two years, both parties conducted settlement negotiations without success. On January 26, 1989, Yuter made the first of two visits to Tandem's Cupertino, California headquarters to discuss the possible license of the '263 patent. On that date, a Confidentiality Agreement was signed by the two parties to enhance the possibility of settlement.

On September 29, 1989, Tandem filed this action. Tandem's amended complaint, filed on October 16, 1989, seeks the following relief:

(1) a declaration that the '263 and '421 patents are invalid;

(2) a declaration that the '263 patent is unenforceable because Yuter has engaged in patent misuse by demanding a total sales royalty on complete Tandem computer systems sold independently of the Apex device;

(3) a declaration that the Apex device does not infringe either the '263 patent or the '421 patent;

(4) an injunction prohibiting Yuter from initiating unfair and coercive litigation against Tandem and its customers in violation of California Business and Professions Code § 17200;

(5) specific performance of the provisions of the January 26, 1989 Confidentiality Agreement; and

(6) a declaration that Apex is obligated to defend and hold Tandem harmless against Yuter's claims of patent infringement.

On October 3, 1989, Yuter filed a patent infringement action in the southern district of New York against

Tandem and four named customers: Merrill Lynch & Co., Inc., National Broadcasting Co., Inc., National Westminister Bank USA, Inc., and NASDAQ, Inc. Yuter filed a motion in the New York court to stay this California action. On October 30, 1989, after hearing oral argument from Yuter and Tandem, Chief Judge Charles L. Brieant of the southern district of New York denied Yuter's motion to stay this action. Chief Judge Brieant further ruled that the New York action would be stayed pending a determination by this court on Yuter's motion to dismiss the present action on jurisdictional grounds. Yuter's present Motion to Quash Service of Summons was filed on October 30, 1989.

III. *DISCUSSION*

A. The Standard For Asserting Specific Personal Jurisdiction

California law confers jurisdiction coextensive with the United States Constitution; therefore, the existence of specific personal jurisdiction depends solely on the requirements of federal due process. *Haisten v. Grass Valley Medical Reimbursement fund, Ltd.*, 784 F.2d 1392, 1396 (9th Cir. 1986).

Basic due process for personal jurisdiction requires that a defendant have fair warning that a particular activity may subject him or her to jurisdiction. *Burger King Corp. v. Rudzewicz*, 471 U.S. 462, 472 (1985). This requirement is satisfied if the defendant has purposefully directed his activities at residents of the forum state and the litigation arises out of or relates to those activities. *Id.* The critical issue is whether "the defendant's conduct and connection with the forum State are such that he could

reasonably anticipate being haled into court there." *Id.* at 474, *quoting World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).

The Ninth Circuit established a three-part test for determining whether specific personal jurisdiction may be exercised:

1. The nonresident defendant must do some act or consummate some transaction with the forum or perform some act by which he *purposely avails* himself of the privilege of conducting activities in the forum, thereby invoking the benefits and protections of its laws.

2. The claim must be one which *arises out of or results from* the defendant's forum-related activities.

3. Exercise of jurisdiction must be *reasonable. Data Disc, Inc. v. Systems Technology Associates, Inc.*, 557 F.2d 1280, 1287 (9th Cir. 1977) (emphasis added).

In response to recent Supreme Court decisions, the Ninth Circuit modified the three-part test and adopted a more flexible approach. *Haisten*, 784 F.2d at 1397. First, purposeful availment may include a defendant "whose only 'contact' with the forum state is the 'purposeful direction' of a *foreign* act having *effect* in the forum state." *Id.* (emphasis in the original). Second, "jurisdiction may be exercised with a *lesser showing of minimum contacts* than would otherwise be required if considerations of reasonableness dictate." *Id.* (emphasis in the original). Third, "there is a *presumption of reasonableness* upon a showing that the defendant purposefully directed his activities at forum residents which the defendant bears the burden of overcoming by presenting a compelling

case that jurisdiction would be unreasonable." *Id.* (emphasis in the original).

B. *Analysis*

1. *Purposeful Availment*

Tandem contends that Yuter purposefully availed himself of the privilege of conducting business in California by attempting to license his patents in California.[3] Tandem focuses on Yuter's letter of February 10, 1987, which claimed patent infringement and solicited Tandem's license of the '263 patent. Yuter sent a similar letter to Hewlett-Packard Corporation in California on March 3, 1987. Tandem also contends that Yuter's activities related to the patent infringement were directed to Tandem in California and included numerous letters, telephone calls, and facsimile transmissions.

Additionally, Tandem contends that Yuter litigated a lengthy breach of contract and fraud action in a federal court in California between 1984 and 1988.[4] Tandem and Yuter also agree that in July 1979, Yuter appeared in

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3 Tandem also argues that the court has specific personal jurisdiction over Yuter because he engaged in conduct in which he knew would injure Tandem in California and which is the subject of Tandem's claim. This conduct allegedly involves patent misuse, unfair competition, and breach of the Confidentiality Agreement. Since the court finds specific personal jurisdiction on other grounds, the court does not need to reach the determination of whether this allegedly injurious conduct confers jurisdiction.

4 Yuter admits that he litigated this action in California. He states that he made eleven (11) trips to California during this time period and he was awarded a default judgment in excess of $9 million, although the primary defendant, a convicted felon, apparently left the country without satisfying the judgment.

California as an *amicus curiae* in an action before a federal court in Los Angeles. Yuter traveled to Los Angeles once for that suit.

Yuter argues that his attempts to negotiate a contract with Tandem to settle his patent infringement claim do not constitute purposeful availment. He contends that a finding of purposeful availment would be against the public policy of encouraging settlement negotiations in lieu of litigation.

Yuter's acts satisfy the modified and flexible purposeful availment standard established by post *Burger King* cases. As indicated by the *Haisten* court, a lesser showing of minimum contacts may satisfy personal jurisdiction if considerations of reasonableness dictate. *Haisten*, 784 F.2d at 1397. Thus, even a few instances of correspondence or telephone contact may confer jurisdiction. *See, e.g., Brainerd v. Governors of the University of Alberta*, 873 F.2d 1257, 1259 (9th Cir. 1989) (defendant did not visit or transact business in California, but contacts were sufficient for conferring specific personal jurisdiction because defendant purposefully directed communications to plaintiff in forum state that he knew would injure plaintiff there); *see also Edwards v. Pulitzer Publishing Company*, 716 F.Supp. 438 (N.D. Cal. 1989) (asserting specific personal jurisdiction based on purposeful direction of one letter and one telephone call to California).

Dolco Packaging Corp. V. Creative Industries, Inc., 1 U.S.P.Q.2d 1586 (C.D. Cal. 1986), offers extremely

persuasive, although not binding, authority for a finding of personal jurisdiction in the present case. The defendant in *Dolco* had no facilities, bank accounts, or employees in California, but had written a letter to Dolco in California accusing Dolco of patent infringement. The court denied defendant's motion to dismiss for lack of personal jurisdiction. The court found the letter to be a forum related activity which posed "a threat to Dolco's activities and sales in California." *Id.* at 1587. This single act satisfied due process requirements for limited personal jurisdiction and the court held that the defendant had "purposefully directed acts at a forum resident with the intent of having an effect in California and thereby purposefully availed itself of the privilege of conducting activities in this forum." *Id.*[5]

Yuter sent a letter to both Tandem and Hewlett-Packard accusing them of patent infringement and suggesting a license of the relevant technology. As in

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5 Yuter attempts to distinguish the *Dolco* decision by focusing on contacts the *Dolco* defendant had in the forum state which involved matters unrelated to the patent infringement letter, such as occasional advertisement in national trade publications and sales of products to California over the past five years. However, the *Dolco* court specifically and solely relies on the letter threatening patent infringement as the basis for limited (or specific) personal jurisdiction. Therefore, Yuter's argument holds little merit.

Yuter also relies on authority, especially *Kransco Mfg., Inc. v. Markwitz*, 656 F.2d 1376 (9th Cir. 1981) and *Rheodyne, Inc. v. Ramin*, 201 U.S.P.Q. 667 (N.D. Cal. 1978), discussing specific personal jurisdiction that was decided prior to the *Burger King* decision and its Ninth Circuit interpretation in *Haisten*. Since the post *Burger King* decisions follow its more flexible standard, reliance upon pre *Burger King* decisions is not persuasive.

Dolco, this conduct reflects a purposeful direction of an act at California residents which certainly would have an effect in California on their respective businesses. Furthermore, Yuter should have reasonably anticipated being haled into court in California after notifying Tandem of his infringement claim. *See Haisten, 784 F.2d at 1397, citing World-Wide Volkswagen Corp. v. Woodson*, 444 U.S. 286, 297 (1980).

Therefore, the court should find that Yuter has purposefully directed activities to Tandem in California which satisfies the first prong of the specific personal jurisdiction test.

2. *Arising Out Of Forum Related Activities*

There can be little dispute among parties that Tandem's claim arises out of or results from Yuter's forum related activities, i.e., his solicitation of a license with Tandem and subsequent negotiations regarding the patent infringement. Thus, the second prong of the Ninth Circuit standard is satisfied.

3. *Reasonableness*

Since Yuter has purposefully engaged in forum related activity, there is a presumption of personal jurisdiction and Yuter has the burden of presenting a compelling case that the court's exercise of jurisdiction would be unreasonable. *Haisten*, 784 F.2d at 1397. Seven factors must be analyzed to make a determination of reasonableness: (1) burden on the defendant; (2) existence of an alternative forum; (3) convenience and effectiveness of relief for the plaintiff; (4) interest of the

forum state; (5) efficiency of adjudication; (6) extent of defendant's purposeful interjection into the forum; and (7) possibility of conflict with other sovereignty. *Brainerd*, 873 F.2d at 1260.

a. *Burden on the defendant*

Yuter argues that the burden will be extreme, because he is a sole practitioner of patent and trademark law in New York. No one is available to handle his caseload if he is involved in lengthy litigation in California. Most of his key witnesses reside on the East Coast. Furthermore, he states that his wife suffers from multiple sclerosis, and she would have difficulty coping without him.

Tandem argues that Yuter has twice visited California to pursue his patent infringement claim and that he previously litigated a lengthy action in California from 1984 to 1988, as well as appeared as *amicus curiae* in an unrelated case.

b. *Existence of an alternate forum*

As the action in the Southern District of New York indicates, New York offers an alternate forum.

c. *Convenience for the plaintiff*

California represents a much more convenient forum for the plaintiff, because Tandem is based in California, and Apex, the manufacturer of the allegedly infringing product, is also based in California. Tandem contends that most of its key witnesses and documents are in California.

Yuter argues that Tandem, as a Fortune 500 company, has ample resources to conduct litigation in New York.

d. *Interest of the forum state*

Tandem offers the statement of the United States Supreme Court as representative of its position: A state "generally has a 'manifest interest' in providing its residents with a convenient forum for addressing injuries inflicted by out-of-state actors." *Burger King*, 471 U.S. at 473.

Yuter disingenuously argues that a patent claim, being a federal cause of action, holds little interest for the State of California.

e. *Efficiency of adjudication*

Tandem contends that Apex, as manufacturer of the allegedly infringing product, is a necessary party to the action. Apex currently is a party only to the California proceeding.

Yuter argues similarly that Tandem's customers, as direct infringers of the patent, are only present in the New York action.

f. *Defendant's purposeful interjection*

Yuter contends that his purposeful interjection into California served "the laudatory and limited purpose of trying to settle a dispute." Nonetheless, Yuter concedes purposeful interjection.

g. *Conflict with a sovereignty*

This factor has no relevance to the present action.

A majority of the reasonableness factors either favor Tandem or offer no clear advantage to either party. The determination of reasonableness appears to hinge on

whether the burden on Yuter substantially outweighs the advantage to Tandem of having the litigation proceed in California. Yuter himself litigated a lengthy case in California[6] from 1984 to 1988 which involved eleven visits to the state. As a patent attorney for over thirty-five years who is familiar both with the law and the federal courts, Yuter suffers a lesser burden than a typical individual facing a large corporation.

Yuter has failed to carry his burden to present a compelling case that the court's exercise of jurisdiction would be unreasonable. Thus, the court's exercise of jurisdiction over Yuter is reasonable, satisfying the third prong of the Ninth Circuit standard.

Due to the medical condition of Yuter's wife, the court wishes to be sensitive to Yuter's concern about excessive travel away from home. Therefore, the court, whenever possible, will accommodate him by conducting hearings by telephone.

ACCORDINGLY, Yuter's Motion To Quash Service of Summons is denied.

IT IS SO ORDERED.

Dated: December 20, 1989

Robert H. Peckham
United States District Judge

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6 The docket in that case consisted of twelve pages and 224 separate entries. Therefore, Yuter is no stranger to litigation in the federal courts in California.